

February 29, 2012

NAME
ADDRESS
CITY, STATE ZIP

Dear NAME:

The ORS continues to stay abreast of industry developments and to share best practices. This month, three ORS staff members attended the NARUC winter meetings in Washington, D.C. Other staff participated in education and training -- on-site, off-site, and via webinars -- on topics ranging from emergency preparedness and pipeline safety to the economy and clean energy.

With regard to the proposed merger of Duke Energy and Progress Energy, discussions were held this month with representatives of the two companies to discuss their revised mitigation plan in response to conditions outlined by FERC for the merger. The revised plan was filed on February 22nd with the North Carolina Utilities Commission and will then be filed with FERC after the N.C. Commission's period of review (up to 30 days). FERC's concerns over the merger's effects on competition for wholesale power prompted the filing. ORS representatives also conferred by phone with the North Carolina Public Staff regarding various issues related to the merger.

In other **Electric** news, the ORS continues to fulfill its responsibilities and duties under the Base Load Review Act regarding the construction and budget of SCE&G's V.C. Summer Nuclear Units 2 and 3. A monthly New Nuclear Development meeting was held, as well as two on-site document reviews. In a conference call with Georgia Public Service Commission staff, mutual areas of interest that pertain to Shaw-Westinghouse were discussed. Shaw-Westinghouse is the contractor for both the Vogtle units in Georgia and Units 2 and 3 at V.C. Summer.

Representatives from Lockhart Power updated Electric staff on future additional hydro-generating facilities and their operation of the Columbia Canal hydro-electric generation plant for the City of Columbia.

As noted in a prior newsletter, Progress Energy has proposed a pilot program for pre-paid electricity. In February, the Company filed a request for approval of the experimental pilot program and for permission to present an allowable *ex parte* briefing. In other electricity pricing matters, SCE&G power marketing representatives met with the Electric staff to discuss peak-period power pricing practices.

Electric staff participated in several energy-efficiency related events this month. Most noteworthy was the Clean Energy and Jobs Forum held at the Columbia Convention Center. The energy used for the conference was green energy provided through Palmetto Clean Energy (PaCE).

Also, two of our staff members and I attended the Energy Advisory Committee meeting on the 13th. Allyn Powell and Douglas Carlisle gave a presentation to the Committee on ORS' analysis of renewable energy costs for South Carolina's utility sector.

In **Natural Gas** news, the ORS filed a settlement agreement among the ORS, Piedmont Natural Gas, and a residential customer (Billy Ross Caton, Jr. vs. PNG, Inc.). The settlement resolved the customer's complaint regarding inability to meet the Company's usage threshold to qualify for the Company's value rate after installing a tankless water heater. As part of the agreement, Piedmont filed an application, supported by the ORS, to modify its residential service regulations for the value rate schedule. In this modification, language was clarified to state that customers who install tankless natural gas water heaters will qualify for the value rate, regardless of their usage parameters. The change went into effect earlier this month and benefits all residential customers who install tankless natural gas water heaters.

Pipeline Safety staff investigated several incidents in the past month. None resulted in significant property damage or personal injury. Of the four incidents, none had repair costs exceeding \$50,000 and therefore were not reportable at the federal level. Two were reportable at the state level, due either to exceeding \$5,000 in total repair costs or resulting in loss of service to 50 or more customers for two hours or longer.

Pipeline Safety inspectors attended required training in Oklahoma City as part of the training program mandated by the Pipeline and Hazardous Materials Safety Administration that certifies them to perform pipeline safety inspections.

The ORS continues to take action to resolve **consumer** complaints and inquiries. From July 26, 2004 through January 31, 2012, the agency processed a total of 27,365 consumer complaints and inquiries. Of this total, 122 constituent referrals were initiated by members of the General Assembly, and 287 constituent referrals were initiated by the Governor's Office.

Electric	14,768		
Gas	1,196		
Sewer	432		
Telecommunications	9,177	Incumbent Local Exchange Carriers	5685
		Inter-exchange Carriers	1028
		Competitive Local Exchange Carriers	1288
		Prepaid CLEC	440
		Cellular/wireless (non-regulated)	213
		Internet provider (non-regulated)	89
		Non-regulated telecom entity	274
		Billing provider	29
		Coin phone	23
		Inmate telecommunications provider	46
		Prepaid phone card	11
		Non-specified carriers	51
			<u>9,177</u>
Transportation	300		
Water	1272		
Misc.	<u>220</u>		
Total	27,365		

Noteworthy Items:

- Recovered \$1,235 as a courtesy credit for an electric customer



*Consumer Services and Gas Department representatives visited SCE&G's Gas Meter Lab to review meter-testing procedures used for larger commercial customers. Pictured are Consumer Services Manager **April Sharpe** and Investigator **Chad Campbell**.*

In **Telecommunications** news, the ORS issued a consumer advisory on February 22nd regarding DialTone & More advising the Company's approximately 5,700 customers across several counties that they may lose telephone service as of March 1st, 2012. DialTone & More leases facilities from AT&T for the provision of telephone service and was delinquent on its lease payment.

In **Water/Wastewater** news, staff met with Palmetto Wastewater Reclamation on February 7th to discuss sanitary sewer overflow issues in their service area.

Staff is collaborating with several organizations that are planning a water loss workshop, to be held on May 7th. Sponsoring organizations include North Carolina State University, Clemson University, DHEC, AWWA, and Cavanaugh & Associates.

Water/Wastewater staff participated in a NRRI webinar on the topic of small water systems. The discussion focused on how regulators can address existing challenges and ensure the viability of future systems.

Transportation

Transportation staff attended the Federal Motor Carriers Safety Administration's Household Goods and Commercial Compliance Enforcement course. The U.S. Department of Transportation and the State Transport Police also participated. The purpose of the multi-day course was to explore a partnership agreement for federal household goods enforcement.

In railroad news, track inspections occurred in several locations this month including Dillon, Florence, Georgetown, and Chester; motive power and equipment inspections were conducted in Cayce and Andrews.

If you have any questions or concerns, please feel free to contact me at (803) 737-0805 (office), (803) 463-6524 (cell), or (803) 782-8547 (home).

Thank you for your ongoing support of the Office of Regulatory Staff.

Sincerely,

C. Dukes Scott

April 27, 2012

NAME
ADDRESS
CITY, STATE ZIP

Dear ,

As noted in last month's newsletter, the Nuclear Regulatory Commission (NRC) approved the Combined Operating License (COL) for the construction of SCE&G's and Santee Cooper's V.C. Summer Nuclear Units 2 and 3. On April 9th, representatives of the ORS Electric, Audit, Legal, and Executive staff attended a commemorative event to celebrate the issuance of the COL. With this approval, the nuclear portion of the construction at V.C. Summer Units 2 and 3 can begin. The project will peak at about 3,000 construction workers over a three- to four-year time span. Each of the units has a capacity of 1,117 megawatts. It is forecasted that 600 to 800 permanent jobs will be added when the units begin generating electricity.

The ORS continues to fulfill its responsibilities and duties under the Base Load Review Act regarding the construction and budget of the V.C. Summer Nuclear Units 2 and 3. A monthly New Nuclear Development (NND) meeting was held at the ORS, as well as two on-site document reviews. Also, a representative from Westinghouse visited the ORS and provided updates to ORS staff and SCE&G NND staff on the AP 1000 design and developments regarding NRC's review of the Fukushima nuclear plant incident.

Discussions with SCE&G NND representatives were held concerning the construction schedule and capital costs update filing under the Base Load Review Act and the impact of the negotiated settlement with Westinghouse concerning certain cost issues.

Discussions were also held with SCE&G representatives regarding the development of small, modular, nuclear generators that will have a capacity of 50 to 300 megawatts. It is anticipated that there will be a strong market for these generators in small cities and remote areas throughout the world.

Electric staff members have attended NRC annual meetings at several locations – Robinson plant in Hartsville (Progress Energy), Catawba plant in York County (Duke Energy), and McGuire plant in Mecklenburg County, North Carolina (Duke Energy).

With regard to the proposed merger of Duke Energy and Progress Energy, discussions continued with the North Carolina Public Staff regarding the companies' revised mitigation plan in response to conditions outlined by FERC for the merger. The proposed plan was filed with FERC on March 26th. Discussions were also held with company representatives. On April 25th, members of the Electric, Audit, and Executive staff met with executives of Duke Energy and Progress Energy for an update on their filing with FERC.

Electric staff participated in several energy-efficiency-related events. Most noteworthy was a quarterly Palmetto Clean Energy (PaCE) board meeting held at the ORS. At the board meeting, a marketing strategy to offer "green events" to customers was discussed, as well as a possible expansion of the renewable generator program. Further discussion, via a telephone conference, was held subsequently in which a unanimous vote was taken to simultaneously add additional generators and pursue a Request for Proposal for new generators.



Electric and Gas staff enjoyed their annual "planning forward" at Saluda Shoals Park on April 6th.

In economic development matters, ORS staff met with representatives of SCE&G regarding a proposed industrial incentive contract for new Bridgestone facilities. Bridgestone has announced a \$1.2 billion investment in South Carolina through the construction of a new off-road radial tire plant and further expansion of its current passenger/light truck tire plant, both in Aiken County. The combination of these projects is expected to create more than 850 new jobs. South Carolina is home to three major tire companies – Bridgestone, Continental, and Michelin.

The Electric Department provided letters of support for the following requests by electric utilities:

- Petition by Duke Energy Carolinas for approval to modify the DSM/EE Power Manager program and revise the associated tariff
- Application by Duke Energy Carolinas to replace the Home Energy Comparison Report pilot program with the My Home Energy Report program
- Request by SCE&G for a 30-day extension in which to file its Integrated Resource Plan
- Request by SCE&G to alter the billing factors for its DSM/EE programs, effective for bills rendered on and after the first billing cycle of May 2012 through April 30, 2013
- Request by Progress Energy for approval of its proposed experimental tariff for a Residential Service-Prepay Pilot Program and to certain waivers of PSC regulations regarding the pre-pay program

In **Natural Gas** news, staff attended a teleseminar presented by the National Regulatory Research Institute on natural gas pipeline safety. The seminar focused on addressing cost effectiveness and ratemaking concerns while ensuring public safety.

Natural Gas staff provided a letter in support of negotiated gas redelivery agreements between Piedmont Natural Gas Company and a major manufacturing company in the Upstate.

In **Pipeline Safety** news, Inspectors David DeBruhl and Michael Bunting successfully completed the weeklong External Corrosion Direct Assessment course in Oklahoma City. This required training is part of the training program mandated by the Pipeline Hazardous Materials Safety Administration that certifies them to perform pipeline safety inspections.



***Pipeline Safety** Inspector Johnny Eustace verifies the required height and stroke of lettering on a pipeline marker at an inspection of pipeline facilities near Winnsboro and Newberry. This was one in a series of inspections conducted in that area within the past month.*

The ORS continues to take action to resolve **consumer** complaints and inquiries. From July 26, 2004 through March 31, 2012, the agency processed a total of 27,813 consumer complaints and inquiries. Of this total, 124 constituent referrals were initiated by members of the General Assembly, and 289 constituent referrals were initiated by the Governor's Office.

Electric	15,059		
Gas	1,206		
Sewer	448		
Telecommunications	9,280	Incumbent Local Exchange Carriers	5,715
		Inter-exchange Carriers	1,032
		Competitive Local Exchange Carriers	1,298
		Prepaid CLEC	482
		Cellular/wireless (non-regulated)	215
		Internet provider (non-regulated)	89
		Non-regulated telecom entity	288
		Billing provider	29
		Coin phone	24
		Inmate telecommunications provider	46
		Prepaid phone card	11
		Non-specified carriers	51
			<u>9,280</u>
Transportation	301		
Water	1,297		
Misc.	<u>222</u>		
Total	27,813		

Noteworthy Items:

- Recovered \$115,931 for cellular/telecommunications customers. The ORS was contacted by Congressman Joe Wilson's office on behalf of a consumer who was billed for State USF charges on her cellular phone bill. The Company removed the charges from 41,986 customers' phone bills.

- Obtained what will be a monthly reduction of \$8,150 for an industrial customer to their sewer bill. The current monthly bill will drop from \$9,306 to \$1,155
- Recovered \$501 for an electric customer due to back-billing error
- Recovered \$925 for an electric customer due to unauthorized usage by another party
- Recovered \$864 for a telecommunications customer for a disputed contract amount

In **Telecommunications** news, staff is monitoring activity in other states related to the implementation of recent FCC rule changes for Federal Universal Service, ETC designation, and Inter-Carrier Compensation reform. The ORS is beginning to determine how these changes will affect state programs, e.g. the Interim LEC Fund and state authorization of ETCs. In related matters, several carriers and carrier groups discussed with the ORS what they see as the potential impact on their companies of recent changes to Inter-Carrier Compensation. Also, the PSC approved the ORS' petition requesting carriers' early filing (by June 1st) of access-tariff changes resulting from recent FCC mandates.

The hearing for the AT&T vs. Halo Wireless complaint case was held on April 18th. As noted last month, ORS staff filed testimony in support of AT&T's position. The hearing for the AT&T vs. Halo Wireless complaint case was held on April 18th. As noted last month, ORS staff filed testimony in support of AT&T's position. The complaint filed by AT&T claims Halo breached the parties' interconnection agreement and led to non-payment of access fees by Halo.

In **Lifeline** news, Lifeline Manager Elizabeth Ford gave a presentation at the S.C. Telephone Association spring conference on the Lifeline program. Dawn Hipp, ORS Director of Telecommunications, Transportation, and Water/Wastewater, also addressed the conference on various telecommunications issues and trends.

In **Water/Wastewater** news, staff is preparing for the Daufuskie Island Utility Company, Inc. rate case, to be heard on May 30th. ORS testimony is due on May 3rd, and staff members will attend a night hearing on the island scheduled for April 30th.

On April 3rd, ORS staff attended a night hearing in the Foxwood subdivision in Fort Mill, which is serviced by Utilities Services of South Carolina, Inc. (USSC). The utility has reached an agreement with York County to allow the company to connect to the county's water system. If approved, the wells that currently supply Foxwood's water will no longer be used. The neighborhood has long-standing concerns with the water quality provided by USSC. Between 75 and 100 Foxwood residents were in attendance. Representative Ralph Norman was there as well and addressed the group.



Water/Wastewater Manager Willie Morgan inspects a well-house logbook at an on-site inspection in the Lake Village subdivision in Lexington County on April 17th. This subdivision is serviced by USSC.

Transportation

April was the height of prom season, and ORS officers conducted five inspections at proms in the Grand Strand area. Two limousine companies were cited for operating without a certificate.

Officers were also present at the Carolina Cup in Camden; twenty-one citations were issued for limousines and buses operating without proper authority. The cases were heard on April 27th.

Several household goods movers' audits were conducted around the state in Myrtle Beach, Columbia, North Charleston, Murrell's Inlet, and also one in Greensboro, North Carolina.

Transportation staff participated with other states in the Household Goods Working Group Quarterly (webinar) meeting. This is a partnership effort with the federal government on sharing best practices in regulating household goods movers.

The Legal Department filed a letter of opposition and request to dismiss the application of Tuk Tuk of America of Charleston. The company was proposing to operate three-wheeled motorized vehicles.

On April 10th, the ORS participated in a bench trial for six charges against a household goods moving company. The company pled guilty to five of the charges; the sixth was dropped.

In railroad news, track and motive power and equipment inspections occurred in several locations this month including Greenville, Charleston, and Columbia. Roadway worker and roadway maintenance machine inspections were also conducted in several locations around the state. Inspector Joe Fianchino attended a weeklong track recurrency class in Nashville.

If you have any questions or concerns, please feel free to contact me at (803) 737-0805 (office), (803) 463-6524 (cell), or (803) 782-8547 (home).

Thank you for your ongoing support of the Office of Regulatory Staff.

Sincerely,

C. Dukes Scott



C. Dukes Scott
Executive Director

**STATE OF SOUTH CAROLINA
OFFICE OF REGULATORY STAFF**

1401 Main Street
Suite 850
Columbia, SC 29201

May 29, 2012

Ms. Helen T. Zeigler, Esquire
521 Alexander Circle
Columbia, South Carolina 29206

Dear Helen,

The ORS reached an agreement with Duke Energy and Progress Energy for certain commitments related to the merger and the companies' revised mitigation plan filed in response to conditions outlined by the Federal Energy Regulatory Commission (FERC). The agreement seeks to ensure that retail customers are not asked to bear merger costs likely to be incurred if the FERC accepts the latest merger proposal of Duke and Progress. A summary of the savings to the South Carolina retail customers is attached.

In other **Electric** news, the ORS continues to fulfill its responsibilities and duties under the Base Load Review Act regarding the construction and budget of the V.C. Summer Nuclear Units 2 and 3.

Discussions with SCE&G NND representatives were held concerning the construction schedule and capital costs update under the Base Load Review Act and the Company's quarterly report on the status of construction at V.C. Summer for Units 2 and 3. The Company filed both the BLRA update and the NND quarterly report on May 15th.

Electric staff participated in several energy-efficiency-related events. Most noteworthy was a Palmetto Clean Energy (PaCE) board meeting and a subsequent meeting via telephone, the main purpose of which was to finalize criteria for additional clean energy electric generators. As noted in last month's newsletter, the board had voted unanimously to simultaneously add additional generators and pursue a Request for Proposal for new generators. Other energy related activities included:

- S.C. Governor's BOEM Offshore Wind Taskforce webinar
- NRC webinar on the Fukushima nuclear plant incident
- PURC Energy Advisory Council
- Eastern Interconnection States Planning Council
- Discussion with SCE&G representatives on an updated remediation plan for the Congaree River

In economic development matters, ORS staff provided letters of support for SCE&G's application for approval of a contract for electric service with Bridgestone Americas Tire Operations and Bridgestone/Firestone South Carolina Company. As noted in last month's newsletter, discussions were held regarding a proposed industrial incentive contract. Bridgestone is investing \$1.2 billion in South Carolina through construction and expansion projects in Aiken County. It is estimated that 850 jobs will be created via these two projects.

ORS staff participated in several Emergency Management Division (EMD) meetings, including the Governor's EMD Tabletop Hurricane Exercise and the Governor's Administrative and Logistics Training Seminar.

In **Pipeline Safety** news, the Pipeline Safety program was audited by the Pipeline and Hazardous Materials Safety Administration (PHMSA) from May 7th through May 10th. This audit is part of the annual recertification of the program by the U.S. Department of Transportation. Results will be received later this year.



PHMSA official Don Martin (2nd from right) is pictured here with ORS representatives Anthony James, Susan Hauptmann, Vernon Gainey, and Carey Sue Stites.

The ORS continues to take action to resolve **consumer** complaints and inquiries. From July 26, 2004 through April 30, 2012, the agency processed a total of 28,042 consumer complaints and inquiries. Of this total, 124 constituent referrals were initiated by members of the General Assembly, and 291 constituent referrals were initiated by the Governor's Office.

Electric	15,233		
Gas	1,209		
Sewer	454		
Telecommunications	9,306	Incumbent Local Exchange Carriers	5,733
		Inter-exchange Carriers	1,032
		Competitive Local Exchange Carriers	1,305
		Prepaid CLEC	482
		Cellular/wireless (non-regulated)	215
		Internet provider (non-regulated)	89
		Non-regulated telecom entity	288
		Billing provider	29
		Coin phone	24
		Inmate telecommunications provider	47
		Prepaid phone card	11
		Non-specified carriers	51
			<hr/> 9,306
Transportation	305		
Water	1,310		
Misc.	<u>225</u>		
Total	28,042		

Noteworthy Items:

- Recovered \$686 for a natural gas customer who was cleared of responsibility of an older bill
- Recovered \$11,000 for a telecommunications business customer who was billed for fraudulent international long-distance calls
- Recovered \$12,907 for a telecommunications business customer who was billed for fraudulent international long-distance calls

In **Telecommunications** news, staff is continuing to monitor activity in other states related to the implementation of recent FCC rule changes for Federal Universal Service, ETC designation, and Inter-Carrier Compensation reform.

The annual audit of the State Universal Service Fund is underway, and Telecommunications staff is providing information and support to the auditors.

In **Water/Wastewater** news, Manager Willie Morgan has been selected by the American Water Works Association (AWWA) to present his white paper, "Increase Utility Revenues without a Rate Increase," at the AWWA 2012 Distribution System Symposium to be held in St. Louis, Missouri, in September.

The ORS, in partnership with DHEC, AWWA, the City of Columbia, and American Rivers (a non-profit environmental group) hosted the S.C. Water Loss Workshop on May 7th. Between 90 and 100 attendees heard a variety of speakers, including Willie Morgan, who gave an overview of the ORS and addressed water loss and its effects on rates.

The ORS settled the Circuit Court case against the sureties on the performance bond for Piedmont Water Company. In the settlement, the two individuals standing as sureties will execute confessions of judgment totaling \$54,605. The order was the result of a rule-to-show-cause brought by the ORS with regard to the non-compliant operations of Piney Grove Utility, Inc., a subsidiary of Piedmont Water Company.

Transportation

On May 29th, Transportation staff participated in a household goods mover's audit. This audit resulted from complaints about a company allegedly using Groupon (an internet discount site) to promote its intrastate moving business. By law, South Carolina does not allow discounting of intrastate household goods rates.

In railroad news, track and motive power and equipment inspections occurred in several locations this month including Greenville, Charleston, Columbia, North Augusta, Aiken, Darlington, and Rock Hill. Roadway worker inspections were also conducted. Inspector Joe Fianchino trained a federal inspector in North Augusta, at the request of the Federal Railroad Administration.

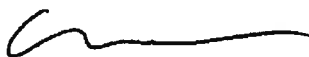


ORS Inspector Joe Fianchino (left) conducts a track inspection of S.C. Central shortline railroad in Darlington on May 22nd. Pictured with Joe is a roadmaster with S.C. Central.

If you have any questions or concerns, please feel free to contact me at (803) 737-0805 (office), (803) 463-6524 (cell), or (803) 782-8547 (home).

Thank you for your ongoing support of the Office of Regulatory Staff.

Sincerely,



C. Dukes Scott

August 30, 2012

NAME
ADDRESS
CITY, STATE ZIP

Dear NAME:

The monthly New Nuclear Deployment (NND) meeting for V.C. Summer Units 2 and 3 was held with representatives of SCE&G, and the purchase of Shaw Corporation by Chicago Bridge and Iron (CBI) was discussed. NND representatives view this purchase as a positive development, given the vast construction experience of CBI. Also, ORS Electric, Legal, and Audit staff met with NND senior executives to discuss various issues related to construction of the Units.

Preparations are underway for the SCE&G rate case. ORS testimony is due on October 23rd; the hearing is scheduled for November 27th and 28th.

Duke Energy's annual fuel review continued to be a major focus in August. Representatives of ORS Electric and Legal Departments visited Duke's headquarters in Charlotte to review power plant operations with senior executives as part of the audit of prudence of Duke's fuel expense. ORS staff also discussed with Duke Energy representatives the merger of certain operations to facilitate efficiencies in fuel procurement. The ORS filed its testimony on August 10th, and the hearing was held on August 28th. The ORS facilitated a settlement in the case that results in savings to South Carolina retail customers of \$2,086,656.

ORS Electric, Legal, and Audit staff members toured the Duke Energy Joint Dispatch facility that will operate the combined systems of Duke and Progress. Also related to the merger, the current status of the N.C. Utilities Commission's review of the merger was discussed via a telephone conference with representatives from the N.C. Public Staff.

In Emergency Management news, ORS staff members who serve on the ESF-12 (Energy) function for the Emergency Management Division (EMD) participated in the Santee North Dam full-scale exercise. In addition, ESF-12 representatives and other ORS staff members met with S.C. Energy Assurance Plan coordinators to review fueling and refueling plans for hazardous events.

Involvement in energy efficiency matters included:

- Attendance at the PURC Energy Advisory Council
- Participation in the U.S. Department of Energy's webinar on the National Electric Transmission Congestion Study
- Discussions with representatives of Progress Energy on a revision to the Company's avoided-cost tariff to accommodate a renewable fuel source generator

- Participation in conference calls with the Eastern Interconnection States Planning Council (EISPC)
- Participation in the Duke Energy DSM-EE Collaborative "live" meeting (via webinar)

The Electric Department filed letters of support in the following matters:

- Request by Duke Energy for approval of two merger-related decrement riders
- Request by Progress Energy for approval of two merger-related decrement riders
- Request for approval by Progress Energy for revisions to its proposed experimental tariff, Residential Service Prepay Pilot Program

In Gas Department news, the ORS will file its annual reports on August 31st for SCE&G and Piedmont Natural Gas (PNG) under the Rate Stabilization Act (RSA). Savings to customers resulting from ORS' recommendations will equate to **\$1,251,000** for SCE&G and **\$2,400,000** for PNG. These savings are reductions from the companies' original requests.

The ORS continues to take action to resolve **consumer** complaints and inquiries. From July 26, 2004 through July 31, 2012, the agency processed a total of 28,624 consumer complaints and inquiries. Of this total, 125 constituent referrals were initiated by members of the General Assembly, and 297 constituent referrals were initiated by the Governor's Office.

Electric	15,648		
Gas	1,219		
Sewer	464		
Telecommunications	9,416	Incumbent Local Exchange Carriers	5,810
		Inter-exchange Carriers	1040
		Competitive Local Exchange Carriers	1325
		Prepaid CLEC	482
		Cellular/wireless (non-regulated)	217
		Internet provider (non-regulated)	90
		Non-regulated telecom entity	288
		Billing provider	29
		Coin phone	24
		Inmate telecommunications provider	48
		Prepaid phone card	11
		Non-specified carriers	<u>52</u>
			9,416
Transportation	312		
Water	1334		
Misc.	<u>231</u>		
Total	28,624		

Noteworthy Items:

- Recovered on behalf of customers:
 - \$1,993 for a telecommunications customer due to a billing error
 - \$589 for a telecommunications customer for an error in billing for cell phone charges

- o \$9,740 for an electric customer when the company reduced the back-billing time from 3 years to 6 months

The ORS facilitated the following **settlements** this month:

- SCE&G RSA
- Piedmont Natural Gas RSA
- SCE&G transmission lines
- ExteNet Systems, Inc.
- Duke Energy annual fuel review

In **Telecommunications** news, staff drafted a settlement for a Lifeline ETC application filed by a wireless carrier in response to the FCC Lifeline Reform decisions.

Staff continues to monitor activity in other states related to the implementation of FCC recent rule changes related to Eligible Telecommunications Carrier designation, Federal Universal Service, and Inter-carrier Compensation reform.

In Lifeline news, the ORS hosted a Lifeline Forum for all ETCs on August 10th. Presenters included FCC staff, the Director of the South Carolina Benefits Bank, and members of the ORS staff. There were approximately 30 attendees at the forum; survey reviews of the event were outstanding. Also, staff presented Lifeline training on the new FCC rules to 9 regional supervisors for the S.C. Department of Health and Human Services in Greenwood County.

In **Water/Wastewater** news, a staff member attended the Palmetto Wastewater Reclamation d/b/a Alpine Utilities community meeting regarding the Company's rate application. The hearing is scheduled for December 6th.

An application has been filed in the Tega Cay Water Service rate case. The ORS is reviewing the application; the hearing is scheduled for January 8th.

Telecommunications, Transportation, and Water/Wastewater Director Dawn Hipp attended a community meeting for the proposed acquisition by Palmetto of Richland County, LLC of 11,000 customers who are on the City of Columbia sewer system. The hearing is scheduled for December 13th.

Transportation

Much activity this month involved household goods movers:

- A complaint audit was conducted on a household goods mover in Berkeley County involving charging improper rates;
- A site visit was conducted for a mover in Charleston County as part of the application for amendment of scope of service and a rate increase;
- A Craigslist enforcement on three illegal companies in Charleston County advertising without a certificate;
- Bench trials for movers charged with illegal advertising;
- A site visit of a mover in Richland County;
- A pre-hearing conference for a household goods mover;

- A compliance audit on a mover in Lexington County

In railroad news, inspections were conducted in Andrews, Greenville, Spartanburg, Charleston, and Cayce. Roadway worker protection audits were conducted in various locations around the State, and an inspection of the Giant Cement Shortline in Harleeville was conducted. ORS Inspector Mike Ellisor attended an FRA claims conference in Norfolk, Virginia; all of his citations were upheld.

If you have any questions or concerns, please feel free to contact me at (803) 737-0805 (office), (803) 463-6524 (cell), or (803) 782-8547 (home).

Best wishes to you and your loved ones for a safe and enjoyable Labor Day. Thank you for your ongoing support of the Office of Regulatory Staff.

Sincerely,

C. Dukes Scott
Executive Director

January 31, 2013

NAME
ADDRESS
CITY, STATE ZIP

Dear NAME:

I am pleased to report that our budget was approved by the House Ways and Means subcommittee.

As 2013 begins, rate cases for three of the four electric utilities – Duke Energy, Lockhart Power, and Progress Energy – are expected to be filed.

The ORS continues to fulfill its responsibilities under the Base Load Review Act regarding the construction and budget of SCE&G's V.C. Summer Units 2 and 3. The monthly New Nuclear Deployment (NND) meeting was held with management representatives of SCE&G as well as an on-site document review conducted by ORS staff. Based upon information obtained via additional ORS monitoring activities of the V.C. Summer (VCS) construction, the ORS has identified the following ongoing challenges in the construction of the Units:

Nuclear Island Basemat – The most immediate challenge to the project is the Nuclear Island basemat concrete pour. This activity must be completed before further meaningful progress can be made on construction activities in the Nuclear Island. Due to the design and construction issues, approval by the NRC must now be obtained before this work can proceed. The full impact of the delay of the construction schedule is not yet known because the NRC approval date is uncertain, and the potential recovery activities are not yet identified.

Structural Modules – Another significant challenge to the project is the continued inability of Shaw Modular Solutions (SMS) to reliably meet the quality and schedule requirements of the project. SMS has been unable to meet its revised schedules to deliver submodules to VCS in a timely manner. SMS has also continued to struggle with quality issues, ranging from design compliance to the completion of final inspection paperwork. Once the issue of the Nuclear Island basemat concrete pour is resolved, the structural modules issue will become the most immediate challenge to the project. Other significant construction challenges are 1) the on-site weld repairs that need to be made, resulting from an incorrect interpretation of the approved design during the module fabrication process and 2) the assembly of the submodules into modules to be installed in the Nuclear Island.

Shield Building Modules – Shield building module fabrication has been reassigned to Newport News Industrial (NNI), thus freeing SMS to concentrate on the structural modules; however, NNI's performance has not yet been demonstrated. The shield building modules are more complex and present even greater fabrication and erection challenges to the project than the structural modules. The full extent of challenges in this area remains unknown; however, given the project's history with structural module fabrication, it is an area of concern moving forward. NNI will need to demonstrate sustained and reliable performance in both the quality and on-time delivery of submodules, and Shaw will need to do the same in the area of erecting the shield building modules on-site.

Additional Challenges – The issues related to the basemat design -- as well as a portion of the issues relating to the structural modules and shield building modules -- are related to compliance with the design approved by the NRC. This structural design compliance is emerging as an issue affecting multiple areas of the project. Also, the delays in starting Unit 2 construction -- in particular those associated with submodule fabrication -- may begin to challenge the ability of the project to work on both Units simultaneously while adhering to the approved schedule. This situation has the potential to result in significant challenges to the Unit 3 construction schedule. Other factors, such as design changes, labor conditions, shipping conditions, and the financial stability of manufacturers due to foreign financial market conditions must be monitored closely.

In **Gas Department** news, ORS staff discussed with representatives of Piedmont Natural Gas (PNG) the company's proposed long-term contract with a Marcellus shale gas producer (located in Pennsylvania). If approved, PNG will begin receiving gas from this producer in 2015.

The ORS provided letters of support for the following requests by PNG:

- To lower its benchmark cost of gas from \$3.75 per dekatherm to \$3.00 per dekatherm to be effective with the first billing cycle in February 2013
- To reallocate unexpended funds in the company's energy efficiency program

In **Pipeline Safety** news, staff participated in a webinar sponsored by PHMSA (Pipeline and Hazardous Materials Safety Administration) on federal pipeline safety guideline revisions.

ORS Pipeline Safety Inspector David DeBruhl attended inspection school for comprehensive inspections of high-pressure steel gas pipelines.

The ORS continues to take action to resolve **consumer** complaints and inquiries. From July 26, 2004 through December 31, 2012, the agency processed a total of 29,869 consumer complaints and inquiries. Of this total, 130 constituent referrals were initiated by members of the General Assembly, and 297 constituent referrals were initiated by the Governor's Office.

Electric	16,551		
Gas	1,230		
Sewer	498		
Telecommunications	9,621	Incumbent Local Exchange Carriers	5,946
		Inter-exchange Carriers	1047
		Competitive Local Exchange Carriers	1378
		Prepaid CLEC	485
		Cellular/wireless (non-regulated)	218
		Internet provider (non-regulated)	90
		Non-regulated telecom entity	293
		Billing provider	29
		Coin phone	25
		Inmate telecommunications provider	49
		Prepaid phone card	11
		Non-specified carriers	50
			<hr/> 9,621
Transportation	318		
Water	1408		
Misc.	<u>243</u>		
Total	29,869		

Noteworthy Items:

Consumer Services recovered approximately \$31,000 on behalf of electric and telecommunications customers for various issues including removals of deposits, erroneous charges, removal of energy protection charges, and removal of advertising charges.

Staff distributed 4,500 consumer-education brochures to community action agencies around the State.



The ORS met with representatives of Duke Energy Carolinas to review changes to the company's customer service contacts resulting from the merger of Duke Energy and Progress Energy. The meeting provided the opportunity to discuss complaint investigation procedures and consumer-related issues.

In **Telecommunications** news, wireless ETCs continue to apply for authority in South Carolina.

Staff met with representatives of the South Carolina Telephone Coalition regarding a request to reset price caps for basic local residential service at nationwide average rates. As a result of the FCC's reform of the Federal USF and Intercarrier Compensation, carriers receiving federal Universal Service support will have to adjust their rates for local service to a certain price set by the FCC in order to continue to draw the same amount of federal high-cost support. This adjustment may cause the price for basic local residential service to increase.

Staff discussed with representatives of Neustar the issue of telephone number depletion in the 843 and 864 area codes. The shortage is due, in part, to the increasing prevalence of cell phones.

Staff has begun the annual process of Interim LEC Fund resizing. Companies will be required to provide their originating and terminating minutes of use to the ORS.

In **Lifeline** news, the ORS filed its annual Lifeline Status Report with the PSC and posted it on the ORS web site.



*In **Water/Wastewater** news, the Tega Cay merits hearing was held on January 8th and 9th. The ORS presented 3 witnesses; there were over 700 protestants in the case. In the photo, ORS staff, Commission members and others listen to a presentation by a homeowner on service quality issues of Tega Cay during the night hearing on December 3rd.*

The settlement of Palmetto Wastewater Reclamation d/b/a Alpine Utilities generated a savings to customers of \$482,736.

On January 24th, ORS staff participated in the community meeting for the Shoals and Anchor Point, a subdivision serviced by Jacabb Utilities, Inc., in the city of Anderson. Approximately 20 homeowners were in attendance. Customers were deeply concerned about the substantial increase in rates proposed by the Company.

Transportation



*Transportation forums hosted by the ORS were held around the State in Florence, Greenville, and North Charleston, with attendance averaging about 40 at each location. Pictured is ORS Transportation Officer **Jon Teeter** presenting information at the Florence event.*

Both planned and random compliance audits as well as site visits were conducted around the State. A planned compliance audit was conducted for a moving company in Fort Mill, and a complaint investigation regarding damaged goods was conducted in Charleston. Site visits for moving companies seeking authority to operate were conducted in North Augusta and Charleston. Random audits were conducted for passenger carriers including non-emergency Medicaid carriers in Florence, Sumter, and Ridgeland and for a C-charter company in Sumter.

Railroad inspections occurred in Columbia and Yemassee this month.

If you have any questions or concerns, please feel free to contact me at (803) 737-0805 (office), (803) 463-6524 (cell), or (803) 782-8547 (home).

Thank you for your ongoing support of the Office of Regulatory Staff.

Sincerely,

C. Dukes Scott
Executive Director

June 28, 2013

NAME
ADDRESS
CITY, STATE ZIP

Dear NAME:

On Monday, July 1st, the ORS will be nine years old. It has been a remarkable journey, and I am proud of all that we have accomplished thus far. To date, the ORS has facilitated settlement agreements resulting in \$1.3 billion in savings to South Carolina retail customers while preserving the financial integrity of our utilities. None of this would have been possible without the tremendous dedication of our staff. It is very gratifying to be a part of this endeavor, and I thank you for your steadfast support through the years.

Staff continues to prepare for the Duke Energy rate case that is scheduled to begin on July 31st. The ORS will present seven witnesses; ORS testimony will be filed on July 1st.

Over 1600 protestant letters have been received, the majority of which are from North Carolina. ORS staff has been present at each of several night hearings held in the Upstate; a night hearing in Columbia is scheduled for August 1st. Turnout at the night hearings has been high as many citizens, particularly those on fixed incomes, are concerned about the possible increase in their electric rates.

Intervenors in the case are Wal-Mart, the S.C. Energy Users Committee, the Small Business Chamber of Commerce, the City of Spartanburg Commission of Public Works, and the City of Spartanburg Sanitary Sewer District. The ORS is continuing to work toward a settlement with all intervening parties. In addition to numerous meetings with intervenors, the ORS has been in consultation with the North Carolina Public Staff regarding Duke's rate case filing in North Carolina for which a settlement has been reached.

We continue to monitor the ongoing progress and challenges in the construction of the V.C. Summer Units 2 and 3. Staff also attended an allowable *ex parte* presentation by SCE&G regarding the status of construction. In a related matter, SCE&G filed its annual request for revised rates under the Base Load Review Act. Staff from the Electric, Audit, and Legal departments, as well as our economist, are reviewing this filing. A site visit was made to review documents as well. The ORS report is due July 30th.



*Electric and Legal staff visited the V.C. Summer construction site on June 11th. Pictured (l to r) are **Tom Allen, Allyn Powell, Anthony James, Susan Hauptmann, Michael Seaman-Huynh, and Shannon Hudson.***

The Duke Energy Progress (DEP) annual fuel review hearing was held on June 20th, and the ORS presented two witnesses from the Electric and Audit departments. The ORS facilitated a settlement agreement among all parties – the ORS, DEP, and Nucor Steel – that reduced DEP's request by approximately \$2 million.

The ORS continues its involvement in energy efficiency efforts. An ORS representative attended the Carolinas Collaborative, which is Duke Energy's energy efficiency advisory group. At a meeting held at the ORS, Palmetto Clean Energy (PaCE) board members approved a pilot program to issue grants for solar installations at schools and education-related non-profits. PaCE expects to open the grant application process in early July.

To promote economic development, the ORS provided a letter of support for an electric contract between DEP and Continental Tire for a new facility in Sumter that will create approximately 1,600 jobs at full production capacity with a projected investment in excess of \$500 million in the facility. As noted last month, the natural gas for this new facility will be provided by SCE&G under an economic development contract.

SCE&G and Piedmont Natural Gas (PNG) submitted their annual filings under the Rate Stabilization Act. SCE&G filed for no change, and PNG filed for a \$4.4 million increase. The ORS report is due to be filed by September 1st.

Staff filed testimony in PNG's annual Purchased Gas Adjustment review. The hearing is scheduled for July 11th.

Pipeline Safety staff members continue to collaborate with various state committees and organizations and are often consulted by other states on best practices. Discussions this month with the Oklahoma Utility Coordinating Committee involved inspection responsibilities at natural gas vehicle fueling stations. ORS Pipeline Supervisor Vernon Galney participated in the S.C. Utility Coordinating Committee meeting held in Conway at which he provided the attendees with materials on damage prevention.

Marcus Landy has joined the ORS as a rail inspector, filling the vacancy created when Inspector Mike Ellisor retired. His focus will be on the FRA discipline of Operating Practices. Inspections occurred this month in Greenville/Laurens, Lancaster, Florence, and Bennettsville.

The ORS continues to take action to resolve consumer complaints and inquiries. From July 26, 2004 through May 31, 2013, the agency processed a total of 30,989 consumer complaints and inquiries. Of this total, 134 constituent referrals were initiated by members of the General Assembly, and 299 constituent referrals were initiated by the Governor's Office.

Electric	17,296	
Gas	1,252	
Sewer	600	
Telecommunications	9,808	
		Incumbent Local Exchange Carriers 6,074
		Inter-exchange Carriers 1053
		Competitive Local Exchange Carriers 1415
		Prepaid CLEC 490
		Cellular/wireless (non-regulated) 221
		Internet provider (non-regulated) 90
		Non-regulated telecom entity 297
		Billing provider 29
		Coin phone 25
		Inmate telecommunications provider 51
		Prepaid phone card 12
		Non-specified carriers <u>51</u>
		9,808
Transportation	326	
Water	1459	
Misc.	<u>248</u>	
Total	30,989	

Tariff activity has been strong with 72 tariff revisions reviewed, of which 62 were approved. Most involved access services tariffs filed by companies in response to FCC-mandated Inter-carrier Compensation Reform that lowers certain intrastate terminating access rates so that they mirror interstate terminating access rates. It is our goal to ensure that any tariff changes in this regard do not adversely affect customers.

Staff prepared and filed a report with the PSC discussing ORS activities to minimize waste, fraud, and abuse in the South Carolina Lifeline program. A national Lifeline accountability database has been under discussion at the federal level, and Lifeline staff participated in a webinar on this topic.



Water/Wastewater and Consumer Services staff conducted a site visit at Tega Cay Water Service, Inc. to review the work completed by the utility to eliminate sanitary sewer overflows (SSOs). This work was done as a result of the petition filed by the ORS in early May asking that the utility be required to take immediate steps to provide adequate and proper service to its customers. On June 24th, the ORS filed testimony regarding Tega Cay's progress on the SSO remediation plan; the hearing is scheduled for August 6th. Pictured is Water/Wastewater Manager Willie Morgan.

Staff is also preparing for other upcoming water/wastewater hearings. Palmetto Utilities rate request hearing is scheduled for August 13th; the hearing for a proposed interconnection agreement between Carolina Water Service, Inc. and Georgetown County Water and Sewer is scheduled for August 8th.

Water/Wastewater Specialist Hannah Majewski completed finance training for small water utilities. The event was hosted by the University of South Carolina and attended by 25 utility representatives.

Complaint investigations were conducted this month including one at the Charleston Ports Authority of a limousine and charter bus company, another in Charleston of a moving company, and a third one of a non-emergency passenger carrier in Myrtle Beach.

In addition, random compliance inspections were conducted of household goods movers in Columbia and Charleston and of non-emergency passenger carriers in Summerton, Sumter, and Georgetown.

If you have any questions or concerns, please feel free to contact me at (803) 737-0805 (office), (803) 463-6524 (cell), or (803) 782-8547 (home).

Thank you for your ongoing support of the Office of Regulatory Staff.

Sincerely,

C. Dukes Scott
Executive Director

August 30, 2013

NAME
ADDRESS
CITY, STATE ZIP

Dear NAME:

The ORS facilitated a settlement agreement in the Duke Energy Carolinas (DEC) annual fuel review that reduced the Company's original request of \$61,794,794 to \$49,600,188, thus generating savings to customers of \$12,194,606.

DEC representatives briefed the ORS regarding their development of a joint Integrated Resource Plan for the combined systems of DEC and Duke Energy Progress (DEP). Also discussed this month with DEC representatives was their proposed change from an avoided-cost model to a shared-savings model for the Company's energy efficiency program.

We continue to monitor the ongoing progress and challenges in the construction of the V.C. Summer Units 2 and 3. A focus of the August NND meeting was a milestone of the project that is 17 months behind schedule due to delays in module fabrication and delivery. In a related matter, staff participated in an NRC public meeting to discuss the resolution of issues to support the safety review of licensing actions for V.C. Summer Units 2 and 3 and for the Vogtle plant construction of Units 3 and 4.

For the past several months, we have monitored the Transcontinental Interstate Gas filing with the Federal Energy Regulatory Commission (FERC) that would impact prices for gas systems in South Carolina, both investor-owned (SCE&G and Piedmont Natural Gas), as well as others. Transco, the FERC trial staff, and the active parties in the docket reached an agreement resolving the issues in the proceeding, and Transco filed a final Stipulation and Agreement on August 27, 2013, with the FERC.

November 27, 2013

NAME
ADDRESS
CITY, STATE ZIP

Dear NAME:

Last week I attended the 125th annual meeting of the National Association of Regulatory Utility Commissioners (NARUC). I found this year's conference to be very beneficial due to the subject matters discussed in the various sessions as well as the general networking with participants from other states. I was particularly impressed with the well-deserved respect that is shown to our Commissioners and their staff.

Based on the recommendations of the ORS in a report filed earlier this month, SCE&G, AARP South Carolina, and Frank Knapp (CEO of the S.C. Small Business Chamber) have filed a joint petition to terminate SCE&G's Electric Weather Normalization Adjustment (eWNA) program as of December 31, 2013.

Among several concerns identified and stated in our report, the ORS found that only SCE&G can generate and verify the calculation of the eWNA factor. In addition, there is no filing of the eWNA mechanism that ratepayers can view to determine how this portion of their bill is calculated, and the ORS concluded that the eWNA program lacks the attributes needed in the development of a sound rate structure.

We also expressed concern with the impact of the eWNA on customers' conservation measures and on the Company's Energy Efficiency programs. In addition, those customers who use gas to heat their homes are subject to a weather normalization adjustment on their electric bill, despite using gas to heat their homes.

Due to these concerns, we believe it is in the public interest to terminate the program, and we are very pleased that we were able to achieve consensus among the above named parties.

The ORS Pipeline Safety program has completed its annual audit by PHMSA (Pipeline Hazardous Materials Safety Administration). PHMSA official Don Martin, whose audit of the ORS program included observing a field inspection as well as an in-house document review, was very complimentary of our Pipeline Safety staff's expertise and knowledge, their high caliber of professionalism, and the support given to the Pipeline Safety

program by ORS leadership. On November 25th, ORS received the results of the annual review – a perfect score of 100.



Pictured are ORS Gas Pipeline representatives John Flitter, Tom Allen, Vernon Gainey, and David DeBruhl with PHMSA official Don Martin (second from right).

The Energy Advisory Council (EAC) has posted on its web page an initial draft report on distributed energy resources. This draft report is intended to elicit public comment on its content before being presented for acceptance by the EAC for submission to PURC. The EAC will meet on December 11th and will allow time for public testimony regarding the draft report; written comments will be accepted until December 18th.

The ORS continues its oversight of the construction of V.C. Summer Units 2 and 3. A variety of topics, including delayed fabrication of the modules, was discussed at the monthly NND meeting. In addition, a major milestone was reached as the basemat for Unit 3 was poured this month. In a related matter, ORS staff participated in NRC conference calls to discuss resolution of issues relating to the V.C. Summer construction as well as construction of Vogtle Units 3 and 4 in Georgia.

Discussions were held with representatives of Duke Energy regarding the utility's proposal to convert Lee station's Unit 3 from coal-fired to gas and to retire coal-fired Units 1 and 2. Also discussed was a siting proposal for a new 750-megawatt combined-cycle gas generating facility at the Lee site.

I, along with members of the Electric Department, attended DHEC's stakeholder group meetings regarding EPA-proposed guidelines for CO₂ emissions from existing coal-fired generating plants. Also participating were representatives of investor-owned electric utilities, electric cooperatives, the S.C. Energy Office, and Santee Cooper.

The ORS reviewed and supported a request from SCE&G for an accounting order regarding interest-rate swap contracts, which was approved. As stated in the order, gains from the accounting treatment will be used to offset fuel costs or interest expense, and SCE&G will notify both the ORS and PSC of all interest rate swaps, once realized, and how many gains or losses were applied. Subsequently, SCE&G notified us of an aggregate gain of \$41 million that will be applied to offset fuel costs.

SCE&G's Purchased Gas Adjustment hearing was held on November 7th, and the ORS presented two witnesses. Also, a settlement agreement in this matter was reached in the week prior to the hearing.

We submitted our annual report on railroad safety to the General Assembly. Inspector Joe Fianchino assisted in the FRA investigation of an Amtrak derailment in Spartanburg County, and our newest inspector, Marcus Landy, attended a federal audit of CSX held in Augusta. Routine rail inspections occurred around the State in Sumter, Cayce, Columbia, Aiken, and the Pee Dee area.

ORS staff participated in two emergency preparedness events this month, the South Carolina Recovery Task Force conference and a State Emergency Response Team training session on winter storm operations.

The ORS continues to take action to resolve consumer complaints and inquiries. From July 26, 2004 through October 31, 2013, the agency processed a total of 32,081 consumer complaints and inquiries. Of this total, 134 constituent referrals were initiated by members of the General Assembly, and 300 constituent referrals were initiated by the Governor's Office.

Electric	18,052		
Gas	1,264		
Sewer	667		
Telecommunications	9,977		
		Incumbent Local Exchange Carriers	6,189
		Inter-exchange Carriers	1060
		Competitive Local Exchange Carriers	1455
		Prepaid CLEC	495
		Coin phone	25
		Inmate telecommunications provider	51
		Prepaid phone card	12
		Non-regulated telecom entity/service	<u>690</u>
			9,977
Transportation	347		
Water	1517		
Misc.	<u>257</u>		
Total	32,081		

Noteworthy amounts recovered for consumers include the following:

- \$5,573 for electric customers due to corrections to bill responsibility
- \$4,079 for a small-business water customer due to erroneous billing (after this initial savings, there will be an annually recurring savings of \$7,764)
- \$8,659 for telecommunications customers due to overcharges



Pictured are representatives of ORS Consumer Services and Gas departments learning about meter testing equipment and procedures at SCE&G's gas training and control room facility.

Water and Wastewater staff are preparing for the Carolina Water Service rate case, scheduled to be heard on January 14, 2014. As part of the preparation, ORS conducted site visits in several counties – York, Sumter, Georgetown, Lexington, and Richland – and also met with DHEC representatives to get their input.

The ORS filed its evaluation report regarding Tega Cay Water Service's efforts to improve quality of service to customers, including reducing Sanitary Sewer Overflows and making infrastructure improvements. This evaluation and report were done pursuant to an order in the Tega Cay Water Service rate case.

The North American Numbering Plan Administration (NANPA) petitioned for numbering relief for the 843 area code; ORS staff submitted a response in support of NANPA's request.

ORS Chief Counsel Nanette Edwards and Telecommunications Manager Chris Rozycki gave presentations at the S.C. Telephone Association's fall conference regarding the S.C. Interim LEC Fund and the S.C. Equipment Distribution Program (SCEDP) that is now at ORS.

In the Lifeline program, staff conducted outreach activities at the United Way in Charleston, the Low Country Food Bank, the Sumter County DSS, and the S.C. Association of Juvenile Diabetes.

ORS inspectors monitored weigh stations along I-26, I-20, and I-95 to ensure household goods carriers were in compliance with state rules and regulations. Inspectors also conducted joint non-emergency transportation inspections in Georgetown and Greenville with the Department of Health and Human Services and Medicaid broker, Logisticare.

If you have any questions or concerns, please feel free to contact me at (803) 737-0805 (office), (803) 463-6524 (cell), or (803) 782-8547 (home).

Best wishes to you and your family this holiday season.

Sincerely,

C. Dukes Scott
Executive Director

April 30, 2014

NAME
ADDRESS
CITY, STATE ZIP

Dear NAME:

The ORS has identified two matters causing concern with the nuclear construction in Jenkinsville, S.C., and has notified the PSC of both issues.

First, until recently the ORS had been receiving monthly updates from Westinghouse Electric Company, CB&I Stone & Webster, Inc. (collectively, the Consortium) on the Base Load Review Act (BLRA) construction milestones to compare with the Commission's approved milestone construction schedule. Contrary to past practice, the Consortium will not be providing either SCE&G or the ORS monthly updates to the BLRA milestone construction schedule until the Consortium completes a revised integrated project schedule. SCE&G agreed to this arrangement and expects the revised schedule to be complete in the third quarter of 2014.

Although the ORS continues to review the weekly project status reports provided by the Consortium, these reports serve as a weekly task list of construction activities. Furthermore, the corresponding schedule attached to weekly project status reports artificially holds major project milestones. For example, this week's schedule (week of April 28) continues to show the third week of March as the on-hook date for Module CA20. However, on April 1st, SCE&G announced that the on-hook date for this module has been delayed until May 2014.

The ORS is working with SCE&G to resolve this issue because the Consortium's change in practice regarding monthly updates hinders the ORS's ability to monitor and provide updates to the Commission and the public on the status of pending construction activities. SCE&G has been responsive to us and I believe we will reach a resolution.

The second matter of concern is the delay of a module, specifically the Auxiliary Building module, which is a component of the construction's critical path. Its delay may impact the substantial completion dates of both nuclear units under construction.

On April 10th, Tega Cay Water System, Inc. filed a request for approval to transfer its water and sewer assets to the City of Tega Cay. The utility provides services to over 1,700 customers in the Tega Cay community located in York County. The company has struggled over the past several years to repair and maintain the wastewater infrastructure located along the shores of Lake Wylie. Due to numerous sanitary sewer overflows affecting Lake Wylie, DHEC issued a consent order requiring Tega Cay Water Service, Inc. to make major infrastructure improvements over the next 18 months or face large fines. The improvements required of the Company could have doubled or tripled the rate charged to the customer. The ORS has worked with the company, DHEC, the City of Tega Cay, and members of the General Assembly to identify viable resolutions to the ongoing service issues. A transfer to the City of Tega Cay is the best option for the customers. The Commission is scheduled to take up the request to transfer during the May 1st meeting.

NND and Legal staff completed the ORS Review of SCE&G's 4th Quarter Report on V.C. Summer Units 2&3 Status of Construction. The ORS report is posted on our web site.

NND Director Anthony James participated as a panel speaker at the S.C. Environmental Energy Forum held in Georgetown, S.C. on April 4th and 5th. The focus of the two-day seminar was developing strategies for sustaining energy initiatives.

The ORS filed its report on SCE&G's DSM-EE programs on April 1st, and the PSC approved the ORS recommendations on the 23rd. Our recommendations included:

- Eliminate the Energy Information Display and Home Performance with ENERGY STAR programs due to underperformance;
- Reduce the amount of net lost revenues by 25% and apply carrying costs to the amount of actual net lost revenues not recovered by the Company in the future as a result of the ORS' recommendation; and
- Modify the ENERGY STAR lighting program to ensure that program incentives are realized by SCE&G customers only.

A meeting among representatives from the ORS, DEC, DEP, and Piedmont Natural Gas (PNG) was held to discuss natural gas infrastructure for delivery of natural gas to power plants and end users.

On April 16th, the ORS presented oral argument before the S.C. Supreme Court concerning an appeal filed by the S.C. Energy Users Committee and certain environmentalists. The appeal challenges the PSC's decision to allow a revision to the capital costs schedule under the BLRA. The ORS recommended to the Court that the PSC order be upheld.

To promote economic development, the ORS submitted a letter of support on April 29th for an electric service contract between SCE&G and Recleim-SC, LLC, a start-up recycler of appliances and e-waste materials. This company is establishing its first recycling facility in Graniteville, S.C. The company is updating a 110,000-square-foot building to accommodate three production lines and plans to open in the summer of 2014. This project involves an estimated investment of \$40.6 million and the creation of an estimated 200 jobs.

Pipeline Safety Supervisor Vernon Gainey and Inspector Johnny Eustace are attending the National Association of Pipeline Safety Representatives 2014 Southern Region Conference, which runs from April 28th through May 2nd.

ORS Pipeline Safety inspectors conducted DIMP (Distribution Integrity Management Program) inspections in several locations around the State.

The investigation into a natural gas explosion that completely destroyed a residence in Lancaster County last month is ongoing. It still appears that this issue was on the customer side of the meter.

Routine rail inspections occurred around the State in Chester, Charleston, Lancaster, and Florence. Inspector Marcus Landy completed his federally mandated training and has received his certification by the FRA in the discipline of Operating Practices.

In another railroad matter, the ORS coordinated with SLED, the Department of Public Safety, and State Warning Point to perform a reportable incident reconciliation audit. The purpose of this audit was to ensure that the railroads are reporting incidents correctly.

The ORS continues to take action to resolve consumer complaints and inquiries. From July 26, 2004 through March 31, 2014, the agency processed a total of 33,219 consumer complaints and inquiries. Of this total, 134 constituent referrals were initiated by members of the General Assembly, and 302 constituent referrals were initiated by the Governor's Office.

Electric	18,873		
Gas	1,298		
Sewer	733		
Telecommunications	10,128		
		Incumbent Local Exchange Carriers	6,252
		Inter-exchange Carriers	1072
		Competitive Local Exchange Carriers	1467
		Prepaid CLEC	495
		Coin phone	25
		Inmate telecommunications provider	52
		Prepaid phone card	12
		Non-regulated telecom entity/service	725
			10,128
Transportation	354		
Water	1573		
Misc.	<u>260</u>		
Total	33,219		

Noteworthy amounts recovered for consumers include the following:

- \$1,340 debt removed due to being another electric customer's responsibility
- \$1,420 adjustment for a water leak
- \$11,627 removal of termination fees for a telecommunications customer
- \$3,690 removal of termination fees for a telecommunications customer

Due to the abnormally cold winter, electric customers received high bills in March, which some had difficulty in paying. Dawn Hipp, ORS Director of Transportation, Water/Wastewater and Consumer Services, did an excellent job appearing on WLTX news in an interview discussing the ORS' role in helping customers work with the electric utilities when they have trouble paying their bills. The segment aired on April 23rd.

The ORS is partnering with agencies to provide resources for consumers. Toward this end, a representative from ORS Consumer Services participated in an event at Walgreens on Devine St. in Columbia that provided information on planning for emergencies. Representatives from the Lt. Governor's Office and the Lt. Governor's Office on Aging were also in attendance to provide information.



*The annual Water/Wastewater Workshop hosted by the ORS and the PSC was held on April 25th at the PSC. More than 20 companies were represented. Presenters from the ORS and DHEC provided information to attendees. PSC Commissioner Howard, who serves on the NARUC Water Committee, gave informative remarks at the event. Pictured is ORS Water/Wastewater Manager **Willie Morgan**.*

Transportation officers attended the bench trial for citations issued at the Carolina Cup. Several site visits for moving company applications were conducted in Charlotte and Sumter. Audits for existing household goods movers were conducted in Charleston and Myrtle Beach.

During prom season, the ORS increases its inspections of limousines for compliance. In April, an ORS officer inspected limousines at a prom in Anderson.

The ORS submitted its mandated five-year report on Local Exchange Companies (LECs) that elect deregulation as provided for in Act 7. The report states that the ORS has observed no pattern or practice by these electing LECs of violating the terms and conditions of their contracts with residential or commercial customers. In addition, no anticompetitive practices have been observed.

Telecommunications staff completed the mail-out of the 2014 Interim LEC fund bills to contributing carriers. The fund total has declined by \$1.8 million since last year.

If you have any questions or concerns, please feel free to contact me. Thank you for your ongoing support of the Office of Regulatory Staff.

Sincerely,

C. Dukes Scott
Executive Director

August 12, 2014

Name
Address
City, State

Dear _____,

The New Nuclear Consortium (Chicago Bridge & Iron and Westinghouse Electric Co.) has given SCE&G a preliminary revised construction schedule for V.C. Summer Station Units 2 and 3. The schedule indicates that the substantial completion of Unit 2 would occur in late 2018 or during the first half of 2019. The previous date of completion for Unit 2 was the fourth quarter 2017 or first quarter 2018, with Unit 3 being substantially complete approximately 12 months later. These dates do not reflect all of the possible mitigation efforts, nor has SCE&G accepted this new schedule.

According to SCE&G, the proposed extension to the construction schedule is primarily due to delays in the fabrication and delivery of modules from the Consortium. The Consortium has not yet provided SCE&G with any updated cost data, and SCE&G has not accepted responsibility for any delay-related costs. SCE&G anticipates receiving cost estimates by the end of this quarter.

The next step for SCE&G is to have its nuclear construction team, along with Santee Cooper, review the schedule information to validate assumptions and work with the Consortium to reconcile any differences. SCE&G will then start a negotiation process. Much of this negotiation will be predicated on their "entitlement" to recover said costs. The goal is to conclude this process by the end of this year. Once a revised schedule is finalized, SCE&G will petition the Public Service Commission to approve the modified capital cost and construction schedules for the project.

SCE&G hosted a public call August 11, 2014 at 3 p.m. regarding this delay. The replay of the call is available at www.scana.com.

If you have any questions or concerns, please feel free to contact me.

Sincerely,

C. Dukes Scott
Executive Director